

## Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 NSC-10 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 DRC-01 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

OMB-01 L-03 HEW-08 /178 W

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R 171908Z OCT 73

FM USMISSION USUN NY

TO SECSTATE WASHDC 274

UNCLAS USUN 3995

E.O. 11652: NA

TAGS: UN, ECOSOC, FIN, IMF

SUBJ: RESUMED 55TH ECOSOC: ANNUAL REPORT OF IMF  
(ITEM 3)

1. H. JOHANNES WITTEVEEN, MANAGING DIRECTOR OF THE IMF, GAVE THE ANNUAL REPORT TO ECOSOC OUTLINING BRIEFLY THE POINTS OF AGREEMENT ON A MONETARY REFORM AND THE REMAINING CONTENTIOUS ISSUES. (A COPY OF THE SPEECH IS BEING POUCHED BY AIRGRAM.) HIS SPEECH EMPHASIZED IMF ACTIVITIES FAVORING THE DEVELOPING COUNTRIES, HE NOTED THAT HALF OF THE MEMBERS PURCHASES OF CURRENCIES AND SPECIAL DRAWING RIGHTS IN THE YEAR ENDING APRIL 30, 1973 WAS ACCOUNTED FOR BY DEVELOPING COUNTRIES. ELEVEN OF THE THIRTEEN STAND-BY ARRANGEMENTS DURING THAT PERIOD WERE WITH DEVELOPING COUNTRIES AND 13 DEVELOPING COUNTRIES MADE USE OF THE FUND'S COMPENSATORY FINANCING FACILITY. HE ALSO PLEDGED THE FUND TO MEET THE RAPIDLY EXPANDING NEEDS OF MEMBERS FOR TECHNICAL ASSISTANCE IN THE FIELDS OF CENTRAL BANKING, FISCAL ADMINISTRATION AND FINANCIAL STATISTICS. ON THE KEY ISSUE OF THE LINK HE SAID: "THERE IS GENERAL AGREEMENT THAT THE REFORMED MONETARY SYSTEM WILL CONTAIN ARRANGEMENTS TO PROMOTE AND INCREASING FLOW OF REAL RESOURCES FROM

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DEVELOPED TO DEVELOPING COUNTRIES" AND ADDED "THOUGH

MANY COUNTRIES FAVOR THE CREATION OF A LINK BETWEEN THE ALLOCATION OF SDRS AND THE FINANCING OF ECONOMIC DEVELOPMENT, SOME DEVELOPED COUNTRIES STILL RETAIN DOUBTS ABOUT THIS PROPOSAL."

2. THE CHINESE DELEGATE IN A RELATIVELY ROUTINE INTERVENTION INVITED ATTENTION TO RESOLUTION 2758 OF THE 26TH GENERAL ASSEMBLY "EXPELLING THE CHIANG KAI-SHEK REGIME FROM THE UN." HE SOLEMNLY DEMANDED IMMEDIATE ACTION ON THIS RESOLUTION. SRI LANKA REP CALLED FOR EXPULSION TAIWAN FROM IMF TO GIVE PRC "RIGHTFUL PLACE." IN HIS SUMMARY REPLY WITTEVEEN NOTED THAT A MEMO HAD BEEN PREPARED FOR THE EXECUTIVE BOARD ON THE RELATIONS BETWEEN THE PRC AND THE FUND AND THAT HE HOPES THIS WILL BE DISCUSSED BY THE EXECUTIVE BOARD IN THE NEAR FUTURE.

3. US MADE STATEMENT AS PROPOSED DEPT INSTRUCTIONS RE THIS ITEM.

4. UK (MCKENZIE) SUPPORTED IN PRINCIPLE SDR LINK AND NOTED MOMENT OF GREAT OPPORTUNITY BEFORE US SINCE SUCCESS OF COMMITTEE OF 20 WOULD GIVE IMPETUS TO REVIEW AND APPRAISAL PROCESS.

5. USSR (SMIRNOV) CLAIMED CHAOS IN CAPITALISTIC MULTI-NATIONAL CORPORATIONS ARE IN LARGE PART TO BLAME FOR MONETARY DISEQUILIBRIUM. CRITICIZED IMF FAILURE AT RECENT NAIROBI CONFERENCE AND STATES IMF CONTINUES TO SERVE INTEREST OF LARGER DEVELOPED COUNTRIES AT EXPENSE OF LDCS.

6. THE NETHERLANDS, INDIA, UK AND SEVERAL OTHER DELEGATIONS EXPRESSED HOPE THAT WAYS COULD BE WORKED OUT TO BRING ABOUT A MORE IN-DEPTH DIALOGUE WITH IMF ON IMPORTANT ISSUES AFFECTING WORLD ECONOMY. FRAZAO, PRESIDENT OF THE COUNCIL, SAID HE HOPED SUCH ARRANGEMENTS COULD BE WORKED OUT FOR BOTH IMF AND IBRD REPORTS BY THE ECOSOC SESSION NEXT JANUARY. WITTEVEEN IN HIS REPLY ASSURED THE COUNCIL HE WOULD BE GLAD TO COOPERATE IN UNCLASSIFIED

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EXPLORING WAYS TO IMPROVE THE DISCUSSION, AND THAT THE SPECIAL REPRESENTATIVE OF THE IMF IS CONTINUALLY AVAILABLE AT THE UN FOR SUCH A PURPOSE. HE REGARDED COOPERATION WITH ECOSOC MOST USEFUL IN COORDINATION OF MONETARY, TRADE AND DEVELOPMENT QUESTIONS. BENNETT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROGRESS REPORTS, COMMITTEE MEETINGS, UNGA RESOLUTIONS, FINANCIAL REFORMS, MONETARY AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 OCT 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973USUNN03995  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** USUN NEW YORK  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731026/aaaaasot.tel  
**Line Count:** 113  
**Locator:** TEXT ON-LINE  
**Office:** ACTION IO  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** collinp0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 05 DEC 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <05-Dec-2001 by bryansd0>; APPROVED <06-Feb-2002 by collinp0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RESUMED 55TH ECOSOC: ANNUAL REPORT OF IMF (ITEM 3)  
**TAGS:** EFIN, UNGA, ECOSOC, IMF  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005